WASHINGTON STATE DEPARTMENT OF REVENUE (DOR)
Instructions for Completing the
Annual 1998 C*ombined Excise Tax Return*

The following instructions are provided to help you complete the Annual 1998 Combined Excise Tax Return. If you need further clarification of a tax classification, you may request the *Guide to Completing the Combined Excise Tax Return* by calling (800) 647-7706, Teletype (TTY) users may call (800) 451-7985, or access our Internet home page at http://www.wa.gov/dor/wador.htm.

Rounding: Please round off to the nearest whole dollar by dropping amounts that are less than 50 cents and rounding up amounts that are 50 cents or more. For example, if your gross sales for the reporting period total $12,123.48, enter $12,123 on the return. If your gross sales for the period total $23,334.50, enter $23,335 on the return. Round off all amounts, even the calculated tax due. If you have to add two or more figures to determine the amount to enter on a line, include cents when adding and then round off the total.

DOR Tax Reporting Account Number: The nine-digit number on the line above your name and address on your Combined Excise Tax Return is the Tax Reporting Account Number. This number is unique to you and your business. Please be sure to write this number on your Deduction Detail pages and on your check.

Reporting No Business Activity

If you had no business activity in 1998, check the No Business Activity box above the signature line. Please sign and date the return including a daytime phone number. Make a copy for your files and mail the original return in the self-addressed envelope provided. You may also call DOR's 24-hour automated attendant to file a no business tax return at (800) 647-7706.

Business and Occupation Tax, Pages 1&2

Note: In order to address the consolidation of business and occupation tax classifications effective July 1, 1998, please report your income as follows:

- *January 1 - June 30, 1998* should be reported in the first section on page 1.
- *July 1 – December 31, 1998* should be reported in the first section of page 2.
- **Retailing tax did not have changes during 1998. All income should be reported on page 2, line 41.**
- Items taxable under the selected business services and financial business services classifications are taxable under service and other activities for income reported *July 1 – December 31, 1998*.

Locate the proper tax classification for your business activities.

1. In column 1, on the line for the appropriate B&O tax classification, write the gross income, gross proceeds of sales, or the value of products resulting from your Washington business activities.
2. If you have deductions, refer to the Deduction Detail section on page 3 of these instructions. If you have no deductions, write 0 in column 2, Deductions.
3. Subtract column 2 from column 1. Write this amount in column 3. This is your taxable amount.
4. Multiply each taxable amount in column 3 by the rate in column 4 and write this amount in column 5.
5. Total the amounts in column 5, lines 1-18 and lines 27-41, and write this amount in the *Total B&O Tax Due* box.

State and Local Sales and Use Tax

State Retail Sales Tax, Line 42

1. On line 42, column 1, copy the amount from line 41, column 1. Amounts on lines 41 and 42, column 1, **must be the same**. (If you are a printer and publisher, or a processor for hire, special instructions apply. Please call us at (800) 647-7706, or refer to page 6 of the *Guide to Completing the Combined Excise Tax Return*.)
2. If you have deductions, refer to the Deduction Detail section on page 3 of these instructions. If you have no deductions, write 0 in column 2, Deductions.
3. Subtract column 2 from column 1. Write this amount in column 3. This is your taxable amount.
4. Multiply the taxable amount in column 3 by the rate shown in column 4 and write this amount in column 5.

Local Sales Tax, Lines 44-48

1. On lines 44-48, write the location code(s) and rate(s) in the appropriate columns for each location where retail sales took place. For local tax codes and rates, refer to the *Local Sales and Use Tax Rate Chart* sent with the tax return. For examples on determining your location code, refer to page 4 of these instructions.
2. Write your taxable amount for each location code in the Taxable Amount column.
3. Total the amounts in the Taxable Amount column and write this amount in the *Total Local Sales Tax* box. **This amount must be the same as line 42, column 3**.
4. Multiply each taxable amount by the rate. Write the amount(s) in the Tax Due City or County column. Do not include Regional Transit Authority tax or King County Food & Beverage tax here (see page 2 of these instructions).
5. Total the amounts in the Tax Due City or County column and write this amount in the *Total Local Sales Tax* box.

State Use Tax, Line 43

1. Write the value of articles used on line 43, column 1.
2. Multiply the amount in column 1 by the rate shown in column 4. Write this amount in column 5, line 43.

Local Use Tax, Lines 49-53

1. On lines 49-53, write the location code(s) and rate(s) in the appropriate columns for each location in which tax is due. For local tax codes and rates, see the *Local Sales and Use Tax Rate Chart* sent with the tax return.
2. Write your taxable amount for each location code in the Taxable Amount column.
3. Total the amounts in the Taxable Amount column and write this amount in the total box. **This amount must be the same as line 43, column 1**.
4. Multiply the taxable amount for each location by the rate. Write the result(s) in the Tax Due City or County column. Do not include Regional Transit Authority tax or King County Food & Beverage tax here (see instructions below).
5. Total the amounts in the Tax Due City or County column and write this amount in the *Total Local Use Tax* box.

Total State Sales and Use Tax, Lines 42-43

1. Total the amounts in column 5, lines 42-43.
2. Write this amount in the *Total State Sales & Use Tax* box.

Regional Transit Authority (RTA) Tax, Line 54

1. For sales occurring within RTA boundaries of King, Pierce, and Snohomish counties, write the taxable amount on page 2, line 54.
2. Multiply the taxable amount by the rate shown. Write this amount in the Tax Due column.

King County Food and Beverage Tax, Line 55

1. Write the taxable amount for the King County Food and Beverage Tax on page 2, line 55.
2. Multiply the taxable amount by the rate shown. Write this amount in the Tax Due column.

Totals, Page 2

1. Total all tax due amounts on page 2. This includes totals for B&O Tax, State Sales & Use Tax, Local Sales Tax, Local Use Tax, RTA Tax, and King County Food and Beverage Tax. Write the total on page 1, line 19.
2. If you do not have lodging taxes, state public utility taxes or other taxes (including litter tax), skip to Section VI, Credits.

Lodging Taxes, Lines 56-63

The *Lodging Tax Rates by Location* chart sent with the tax return, includes the correct rates for Lodging Taxes. To report lodging locations, use the same location codes as for reporting local sales tax.

Transient Rental Income Information, Lines 56-57

1. Write the four-digit location code(s) on page 3, lines 56-57 in the appropriate column.
2. Write the income from transient lodging for each location code in the Income column. There is no tax computation required for lines 56-57. Write 0 if there was no lodging income for the reporting period.

Convention and Trade Center Tax, Lines 58-60

1. Write the location code(s) and rate(s) for each location in the appropriate columns on page 3, lines 58-60.
2. Write the taxable amount for each location in the Taxable Amount column.
3. Multiply the taxable amount by the rate and write this amount in the Tax Due column.
4. Total the amounts in the Tax Due column and write this amount in the *Total Convention & Trade Center Tax* box.

Special Hotel/Motel Tax, Lines 61-63

1. Write the location code(s) and rate(s) for each location in the appropriate columns on page 3, lines 61-63.
2. Write the taxable amount for each location in the Taxable Amount column.
3. Multiply the taxable amount by the rate and write this amount in the Tax Due column.
4. Total the amounts in the Tax Due column and write this amount in the *Total Special Hotel/Motel Tax* box.

State Public Utility Tax, Lines 64-70

Locate the proper tax classification for your public utility activities on page 3, lines 64-70.

1. In column 1, on the line for the appropriate public utility tax classification, write the gross income from your public utility activities.
2. If you have deductions, refer to the Deduction Detail section on page 3 of these instructions. If you have no deductions, write 0 in column 2, Deductions.
3. Subtract column 2 from column 1. Write this amount in column 3. This is your taxable amount.
4. Total column 3, lines 64-70. To determine if public utility tax is due, review the following:
   a) You are below the taxable minimum if the combined total of all taxable amounts in column 3 is less than $24,000 per year. If this is the case, write 0 (zero) in column 5. Public Utility tax is not due.
   b) If the combined total of all taxable amounts in column 3 is equal to or greater than $24,000 per year, Public Utility Tax is due. Go to step 6.
6. Multiply each taxable amount in column 3 by the rate shown in column 4 and write this amount in column 5.
7. Total the amounts in the Tax Due column and write this amount in the *Total State Public Utility Tax* box.

Other Taxes, Lines 71-77

Locate the proper tax classification for these taxes on page 3, lines 71-77. It is important to note that gross income under the tobacco products, petroleum, and hazardous substance taxes is based on the wholesale value of the product. The solid fuel burning device fee is based on the number of devices sold while the syrup tax is based on the number of gallons sold.

Lines 71-75

1. In column 1 on the line for the appropriate tax, write the gross amount.
2. If you have deductions, refer to the Deduction Detail section below. If you have no deductions, write 0 in column 2, Deductions.
3. Subtract column 2 from column 1. Write this amount in column 3. This is your taxable amount.
4. Multiply each taxable amount in column 3 by the rate in column 4 and write this amount in column 5.

Lines 76-77

1. Write the number of items sold in the Quantity Sold column.
2. Multiply this amount by the rate shown and write this amount in the Tax Due column.

Total Other Taxes, Lines 71-77

1. Total the amounts in the Tax Due columns, lines 71-77.
2. Write this amount in the *Total Other Taxes* box.

Totals, Page 3

1. Total all Tax Due amounts for page 3. This includes Convention and Trade Center Tax, Special Hotel/Motel Tax, State Public Utility Tax, and Other Taxes.
2. Write this amount on page 1, line 20.

Credits, Lines 78-86

1. Enter the credit amount(s) on the appropriate credit line. Be sure to determine your Small Business Credit. See the enclosed table and instructions.
2. Total all credits, lines 78-86, and write this amount in the *Total Credit* box. Transfer this amount to page 1, line 23.
3. Attach any documents required to support your credit(s) to the tax return.

Deduction Detail

1. On pages 4-6 of the Deduction Detail, locate the column that corresponds to the line number of your tax classification on pages 1- 3 of the tax return. The deduction pages are split between January 1, 1998 through June 30, 1998 and July 1, 1998 through December 31, 1998 to correspond with the B&O tax rate changes.
2. Write the amount of your deduction across from the appropriate deduction type and under the correct line number and classification. If your deduction is not listed, report the amount under *Other* and explain.
3. Write the total amount of deductions in the total box.
4. Transfer the amount in the total box to column 2 of the corresponding line (tax classification) on pages 1- 3.

Totals, Lines 19-26

1. Verify all totals from pages 2 and 3 have been transferred to page 1, lines 19 and 20.
2. Write any rental car tax due from the *Rental Car Tax Addendum* on line 21 (if applicable).
3. Add lines 19-21. Write the subtotal on line 22.
4. Subtract line 23 from line 22 and write the subtotal on line 24.
5. If you file this tax return after the due date printed on the front of the tax return, you owe a penalty. * See penalty rates on the front of the tax return below the signature line. Multiply the penalty rate you owe by the subtotal on line 24, and write this amount on line 25 (minimum penalty is $5.00).
6. If reporting taxes for prior year(s), you may owe interest on line 26. Please call your local Revenue office for more information.
7. Add lines 24-26, and write this amount in the *Total Amount Owed* box. This is the amount you owe.

*** Late Filing Penalties, Line 25**

Penalty is due on all delinquent returns. However, no penalty applies if no tax is due. If you are filing your return late and are requesting a waiver of the penalty, please check the box on the bottom of page 1 and attach your written request to the return. The request should explain the circumstances that caused your return to be late. The Department shall waive or cancel the penalties or interest imposed upon finding that the failure to timely pay any tax was due to *circumstances beyond the taxpayer's control*, or if the taxpayer has remitted payment and timely filed on all tax returns due for a period of 24 months immediately preceding the period covered by the current return.
(WAC 458-20-228.)

Finishing Your Tax Return

To help us process your tax return, please:

1. Make sure the gross amounts being reported occurred in the period and year printed at the top of the return.
2. Write your DOR Tax Reporting Account Number (Registration Number) on page 3 of the return. If you have deductions, print your name and DOR Tax Reporting Account Number on the top of pages 4 and 6 of the Deduction Detail pages.
3. Attach the Deduction Detail pages and any credit schedules to your return.
4. Sign and date the return.
5. Write a daytime telephone number, including area code.
6. Make a copy of the return for your files.
7. Write your DOR Tax Reporting Account Number on your check.
8. Make the check payable to: Washington State Department of Revenue.
9. Do not staple your check to the return. Do not send cash or coin.
10. Mail the original return and payment, if due, in the self-addressed envelope enclosed with your return.

Determining Location Codes (WAC 458-20-145)

Sales of Tangible Personal Property Originating in Washington State: Businesses making sales of products must use the location code that corresponds to the place from where the product was delivered. Usually this is the retail outlet where the sale occurs. If the delivery is made from a warehouse at a separate location, the location of the warehouse determines the correct location code.

- Example: A customer from Gig Harbor orders goods from a store located within the city limits of Tacoma. It makes no difference whether the customer picks up the goods, or the Tacoma store makes the delivery. The sale occurs at the Tacoma store. Thus, the location code and rate for Tacoma applies.

Sales of Tangible Personal Property Originating in Another State: Businesses making sales of goods that originate in another state must use the location code and tax rate that corresponds to the location of the in-state facility, office, agent or other representative that participates in the sale. The buyer's location will determine the location code and tax rate only if the seller has no in-state facility, outlet, agent or other representative that participates in the sale.

- ❖ Example: A customer from Olympia orders goods from a business in San Francisco, California. The seller has a representative who lives in Federal Way. Thus, the location code and tax rate for Federal Way applies.
- ❖ Example: A customer from Wenatchee orders goods from a Minneapolis, Minnesota company that does not maintain an in-state facility, office, agent, or other representative. The location code and tax rate for Wenatchee applies.

Sales of Retail Services, Installation and Construction: Businesses performing retail services or selling products requiring significant installation must use the location code that corresponds to the place where the service or installation occurs.

- Example: A Bellevue store sells carpet to a Redmond customer. As a condition of sale, the Bellevue store agrees to install the carpet in the customer's Redmond home. The Bellevue store will collect sales tax at the Redmond rate. (If the Bellevue store merely delivers the carpet without installation, the sale is subject to tax at the Bellevue rate. See prior example for sales of tangible personal property.)

Lease or Rental of Tangible Personal Property: For short-term leases, the seller's (lessor) location determines the applicable tax rate. Short-term leases are generally for less than 30 days and do not require periodic payments.

- Example: A Spokane business rents a rototiller to a customer in Airway Heights for two days. The business will collect the applicable rate for Spokane.

For long-term leases, the customer's (lessee) location determines the applicable tax rate. Long-term leases are generally longer than 30 days and require periodic payments.

- ❖ Example: A person in Yakima enters into a 36-month vehicle lease with a Seattle leasing company. The Seattle company will collect the applicable rate for Yakima.

If you have any questions about properly coding local sales and use tax, please contact your nearest Department of Revenue office, or call (360) 902-7170.

Reporting Local Sales and Use Tax Rate Changes (WAC 458-20-199; -235)

Special instructions apply if local tax jurisdictions change tax rates or, due to incorporation, change their four-digit location codes in the middle of a reporting period.

- ❖ Example: The city of Battle Ground (0601) imposed a new tax rate effective March 1, 1998. For sales taking place in Battle Ground before March 1, the local tax rate was .011. Sales taking place after March 1 are taxed at .013.

LOCAL CITY AND/OR COUNTY SALES TAX

LOCAL SALES TAX (Enter applicable rate of tax) **Code 45**
Total Taxable Amount, must be the same as line 42, column 3, Taxable Amount

Line No.	Location Code	Taxable Amount		Rate	Tax Due City or Co.	
44	*0601*	*3,000*	*00*	*.011*	*33*	*00*
45	*0601*	*2,000*	*00*	*.013*	*26*	*00*
46						
47						
48						
TOTAL LOCAL SALES TAX		*5,000*	*00*		*59*	*00*

- ❖ Example: The city of Kenmore incorporated as of September 1, 1998. For sales taking place before September 1, the local tax is coded to 1700. Sales taking place after September 1 are coded to the new location code of 1738.

LOCAL CITY AND/OR COUNTY SALES TAX

LOCAL SALES TAX (Enter applicable rate of tax) **Code 45**
Total Taxable Amount, must be the same as line 42, column 3, Taxable Amount

Line No.	Location Code	Taxable Amount		Rate	Tax Due City or Co.	
44	*1700*	*3,000*	*00*	*.017*	*51*	*00*
45	*1738*	*2,000*	*00*	*.017*	*34*	*00*
46						
47						
48						
TOTAL LOCAL SALES TAX		*5,000*	*00*		*85*	***00***

To inquire about the availability of this document in an alternate format for the visually impaired or a language other than English, please call (360) 753-3217. Teletype (TTY) users may call (800) 451-7985. You may also access tax information on ou Internet home page at http://www.wa.gov/dor/wador.htm.